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THE WOOL SITUATION

Summary

The wool situation has not changed materially in the last month. Prices of domestic wool at Boston declined slightly in November, but they are still about 40 percent higher than before the sharp rise in September. Mill orders for wool fabrics at the end of October were reported to be sufficient to maintain a high rate of mill activity through January. With supplies of wool in the United States on November 1 smaller than on that date in any recent year, a considerable increase in imports is probable in the next few months.

Mill consumption of apparel wool in the United States in October was 38 percent higher than in October 1938. The October 1939 rate of consumption has been exceeded in only three months in the last 15 years. Consumption for the first 10 months of 1939 was 47 percent larger than in those months last year, and it appears certain that apparel wool consumption for the entire year 1939 will be close to the 1935 total of 659 million pounds, grease basis. Consumption in 1935 was the largest in recent years.

United States imports for consumption of apparel wool totaled 70 million pounds in the first 10 months of 1939 compared with only 22 million pounds in the same months last year and an average of 67 million pounds for those months in the 5 years 1933-37.

Tentative plans have been formulated by the British Government for the release of fine Australian wools to the United States. About 10 million

pounds of such wool are available for immediate shipment. The total amount of Australian wool to be made available to the United States in the present season has not been announced. Imports of wool into the United States from Australia totaled about 73 million pounds in 1937 but declined to 5 million pounds in 1938. Approximately 17 million pounds were imported from Australia in the first 6 months of 1939.

In the event of continued restriction of United States imports from British Empire producing countries, the import requirements of this country could be satisfied by South American wools to a greater extent than in recent years. Although wools from Argentina and Uruguay constituted about 30 percent of total United States imports of apparel and carpet wool in the 5 years 1934-38, shipments to the United States were only 15 percent of total wool shipments from Argentina and Uruguay.

Sales in foreign wool markets were small in October and in early November. Prices did not change materially on fine wools available in the South African market. Some decline in prices was reported on South American wools but quotations were largely nominal.

Recent Developments in Domestic Situation

Wool prices decline at Boston in November

Wool prices in the domestic market trended downward during most of November. Sales of all grades were relatively small in the early part of the month. Moderate sales of fine and half blood domestic wools were reported in the latter part of November, and prices on these wools became steady to firmer, according to reports of the Agricultural Marketing Service. Sales of medium and coarse grades were small during the latter part of the month. Recent arrivals of South American wools have increased available supplies at Boston.

The price of fine staple combing territory wool at Boston averaged $1.05 a pound, scoured basis, for the week ended December 2 compared with $1.07 a month earlier and the September high of $1.12 a pound. Territory 3/8 blood combing wool averaged 86.5 cents a pound, scoured basis, in the week ended December 2, 91.5 cents a month earlier, and 96.5 cents the last week of September. Prices of graded lines of domestic Territory wools are

still about 40 percent higher than in August.

Sales of fleece wools in November were chiefly of country packed mixed lots of 3/8 and 1/4 blood bright fleeces. Offerings of such wool were quoted at 44-46 cents a pound, grease basis, delivered to eastern markets in the latter part of November. This indicates a decline of about 1.5 cents a pound grease basis during November. The United States average price of wool received by farmers was 27.6 cents a pound on November 15. It was 28.7 cents on October 15 and 20.7 cents on November 15, 1938.

Imports smaller in October

United States imports for consumption of apparel wool totaled 9.4 million pounds in October compared with 12 million pounds in September and 4.8 million pounds in October 1938. Such imports totaled 70.4 million pounds in the first 10 months of 1939 compared with only 22.3 million pounds in the same months last year and an average of 67 million pounds for those months in the 5 years 1933-37.

Imports for consumption of carpet wool totaled 124 million pounds in the first 10 months of 1939 compared with 46 million pounds in the same months of 1938 and an average of 116 million pounds for those months in the 5 years 1933-37. The sharp increase in imports this year reflects the increase in domestic mill consumption of carpet wool in 1939.

October mill consumption near record of recent years

The trend of domestic mill consumption of apparel wool continued upward in October. The weekly rate of consumption of 6,797,000 pounds, scoured basis, was 38 percent higher than in October last year and has been exceeded in only 3 monthly periods in the last 15 years. Consumption on a grease basis in the first 10 months of this year was equivalent to 459 million pounds of shorn wool and 67 million pounds of pulled wool. The consumption from January through October was about 47 percent larger than in those months last year and 25 percent larger than the 10-month average for the 10 years 1928-37.

Mill orders for wool fabrics up sharply

Unfilled orders for woven cloths held by 119 mills reporting on September 30 were one-third larger than on July 1 and were almost twice as large as a year earlier, according to statistics reported by the National Association of Wool Manufacturers. The increase in orders above the corresponding date in 1938 was greatest for men's-wear fabrics. Advance sales of such fabrics by reporting mills were larger in September than in any month since 1935. Sales of auto cloths also were relatively large in September.

In connection with the large increase in unfilled orders for men's-wear fabrics on September 30 compared with a year earlier, the New York Wool Top Exchange service stated that last year buying of spring piece goods did not start until late October whereas this year the threat of

higher prices brought heavy buying in September. Sales of men's-wear fabrics declined in October and November, but there was seasonal improvement in sales of women's-wear fabrics.

Unfilled orders for woven cloth reported by 119 mills beginning of each quarter, 1938 and 1939 1/

Quarter beginning	Men's wear		Women's wear	Auto cloths 2/	Total
	Government	Other			
	1,000 linear yards	1,000 linear yards	1,000 linear yards	1,000 linear yards	1,000 linear yards
1938					
Jan.	3,944	10,924	6,043	2,055	22,966
Apr.	2,293	6,293	4,139	1,894	14,619
July	995	13,286	8,041	1,315	23,637
Oct.	785	13,777	6,541	1,968	23,071
1939					
Jan.	844	24,456	8,951	1,782	36,033
Apr.	565	22,905	5,252	834	29,556
July	661	19,913	11,526	1,824	33,924
Oct.	635	31,887	9,260	3,244	45,026

Compiled from Monthly Statistics of Wool Manufacture, published by the National Association of Wool Manufacturers. Statistics are for cloth containing by weight over 25 percent of yarns spun on the woolen and worsted systems. Cloth less than 50 inches wide reported in equivalent 54 inch yardage. The 119 mills reporting are equipped with 27,000 looms.

1/ Reports are for specified dates near the beginning of each quarter.
2/ Excludes cloth with pile or jacquard design.

Foreign Markets

South Africa sales

The South Africa wool market was dull and erratic during most of November but improved somewhat toward the end of the month, according to cabled reports received from the American Legation at Pretoria. Wool prices at South African selling centers did not change materially in November. Average prices, in United States currency, of four types of 64-70s wool for the week ended November 24 were 14 percent lower than prices reported at the opening of the current season on September 28, but prices for these wools were about 2 percent higher than the average prices for November 1938.

The United States and Japan were the principal purchasers at the November sales in the Union of South Africa. Small sales also were made to Belgium, Holland, and Swedon, and to local wool scouring concerns.

Shipments to the United States from the Union of South Africa in October totaled about 6 million pounds, compared with less than a million pounds for the entire 1938-39 season. United States buying declined sharply in the first half of November.

Prices of 64-70s wools in South African markets in November 1939 with comparisons 1/

Item	1937 High (April)	1938 Nov. Av.	1939 Open Sept. 28	1939 Week ended Nov.3	Nov.10	Nov.17	Nov.24
	Cents	Cents	Cents	Cents	Cents	Cents	Cents
64-70s							
Super combing	68.0	42.5	51.2	47.5	48.2	47.2	46.7
Combing	65.9	39.8	49.5	44.2	44.9	43.1	44.4
Short combing	62.9	36.9	42.9	34.6	34.9	33.1	34.8
Super shorts	56.8	34.0	38.0	31.0	32.3	29.8	30.6

Compiled from South Africa Crops and Markets and cabled reports from the American Legation at Pretoria.
Prices converted from South African pence to cents at current rates of exchange.
1/. Quotations are in cents per pound, clean basis.

Sales small in South American markets

Wool sales have been small in South American markets in the past 2 months. Prices declined in October and November from the September peak, but quotations were largely nominal.

Purchases in Argentina in October and early November were chiefly carpet wool for the United States. France bought medium crossbred wools in October, but the United Kingdom has not entered the market so far this season. The United Kingdom in recent years has been the largest purchaser of Argentine wool, taking 27 percent of total shipments in the five seasons 1933-34 to 1937-38 and 33 percent of the 1938-39 shipments.

About 24 million pounds of new clip wool had been purchased in Argentina for the United States up to November 20, according to reports from the office of the Commercial Attache at Buenos Aires. Most of this wool was of the coarse grades, suitable for carpet manufacture, but could be used to some extent for apparel purposes. About 60 percent of purchases had been shipped by the latter part of November.

Except for small sales to Sweden, Switzerland, and the Netherlands, the wool market in Uruguay has been practically at a standstill in the past 2 months, according to a cable received in the State Department from Montevideo. Advance sales were fairly large in September, however, and it is reported that about 12 million pounds of the current clip had been sold for export by the latter part of November. United States purchases in September and early October amounted to 7 or 8 million pounds, but very little wool has been taken by United States buyers since that time. Shipment of September purchases was to be made in late November and in December.

Outlook

Domestic mill consumption to continue large

Statistics of unfilled orders for wool fabrics indicate that mill consumption is likely to continue at a relatively high level in the next few months. Unfilled orders held by reporting mills at the end of October were estimated to be sufficient to maintain the current rate of activity through January. Domestic business activity and consumer incomes in 1940 are expected to average higher than in 1939, and this will help to maintain domestic mill consumption of wool at a fairly high level in the coming year.

If the October rate of mill consumption is maintained in November and December, consumption for the entire year 1939 will be close to 650 million pounds, grease basis compared with 475 million pounds consumed last year. The 1939 consumption will be larger than in any recent year with the possible exception of 1935, when 659 million pounds were consumed.

Larger imports probable; situation like that in 1936-37

In view of the relatively small stocks on hand in the United States and prospects for a high level of mill consumption in the next few months, imports of apparel wool are likely to increase sharply before the 1940 domestic clip becomes available. Stocks of apparel wool in all positions in this country on November 1 totaled about 300 million pounds, grease basis. The November 1 stocks were about 125 million pounds smaller than a year earlier and the smallest November 1 stocks in recent years.

The domestic supply situation at the present time is somewhat similar to that of late 1936. On November 1, 1936, stocks of apparel wool were estimated at about 320 million pounds, grease basis. General imports of apparel wool at principal ports in the first 6 months of 1937 were close to 150 million pounds, of which about 69 million pounds were from Australia. Import statistics by origin and grade for the first 6 months of 1937 are shown in the accompanying table.

United States consumption was relatively small in the latter part of 1937 and early months of 1938, and imports into this country from Australia in 1938 totaled only 5.3 million pounds. But imports increased to 16.7 million pounds in the first 6 months of 1939. Wool shipments to the United States from Australia are almost entirely of grades finer than 56s.

Receipts of foreign apparel wool at Boston, New York, and Philadelphia, by origin and grade, January-June 1937 1/

Origin	Not finer than 40s 2/	40s to 44s	46s to 56s	Finer than 56s	Total
	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.
Australia	372	112	1,793	66,938	69,215
Argentina	10,641	932	5,990	7,745	25,308
Canada	49	54	773	123	999
Great Britain and Ireland	979	778	2,316	171	4,244
New Zealand	4,804	2,709	6,804	487	14,804
South Africa	16	10	210	4,922	5,158
Uruguay	2,222	2,082	10,477	4,820	19,601
All other	1,458	116	869	298	2,741
Total	20,541	6,793	29,232	85,504	142,070

Statistics compiled by the Boston office of the Agricultural Marketing Service from importers declarations.
1/ Includes subports of Massachusetts and other New England ports.
2/ Apparel class wool "not finer than 40s" may be imported free of duty if used for floor coverings, press cloths, knit or felt boots or heavy lumbermen's socks. In the last 5 years about one-fifth of the imports of such wool have been duty-free.

South Africa fine wools available for export

United States mill requirements for foreign fine wools in the current season will likely be met largely by wools from the Union of South Africa. About 15 million pounds of South African wool were declared for export to the United States in October and November according to reports of the American Legation at Pretoria. South African wool is almost entirely of merino wool of 60s-70s quality.

Production in the Union of South Africa for 1939-40 is estimated at 270 million pounds. Since mill consumption in South Africa is small, most of the clip is available for export.

While the Australian and New Zealand clips have been purchased by the British Government, the current South African clip is being sold in the open market.

Australian wool to be released to United States

Tentative plans have now been formulated for the release of Australian wool to United States mills in the current season. About 10 million pounds of wool are available for immediate shipment, according to a

cable received to the State Department from the American Embassy at London. The British Government at present will not release any Australian wools coarser than 56s (probably 58s-60s), nor will it release any New Zealand crossbred wools.

Prices to be paid for Australian wool by United States buyers have not been determined as yet, but payment is to be made in United States dollars. The total amount of wool which will be made available to this country in the present season has not been announced.

South American wool available for United States

In the event of continued restriction on United States imports of wool from British Empire countries, the import requirements of this country could be satisfied to a greater extent by South American wools than has been the case in recent years. Although imports from Argentina and Uruguay constituted about 30 percent of the total United States imports of apparel and carpet wool in the 5 years 1934-38, shipments to the United States were only 15 percent of total wool shipments from Argentina and Uruguay. The bulk of South American wool exports usually is taken by the United Kingdom and continental European countries.

Shipments from Argentina and Uruguay in the five seasons 1933-34 to 1937-38, were distributed as follows: United Kingdom 26 percent; Germany 20 percent; France 13 percent; United States 14 percent; and other countries 27 percent. In 1938-39 the percentages were as follows: United Kingdom 27; Germany 17; France 13; United States 17; and other countries 26.

Germany is not likely to purchase any considerable quantity of wool in South American markets while the European war continues. German purchases of South American wool usually amounted to about 80 million pounds a year. Even with the purchase of the Australian and New Zealand clips Great Britain and France probably will be short on medium and coarse grades of apparel wool, as the Australian clip is largely merino wool. Hence, Great Britain and France may continue to buy large quantities of South American wool, which is largely crossbred. English buyers have not entered the South American market so far this season, but French buyers have purchased small quantities of medium crossbred wools.

United States imports of wool from Argentina in recent years have been chiefly carpet wools and apparel wools not finer than 40s; imports from Uruguay have been chiefly fine and medium grades. Statistics of exports from Argentina by classes indicate that more than 90 million pounds of fine crossbred wool and 25 million pounds of merino wools are available annually in that market.

Exports of wool from Argentina and Uruguay to principal importing countries, average 1933-34 to 1937-38, and 1938-39

Country	Oct. 1 to Sept. 30					
	Argentina		Uruguay		Total	
	Average 1933-34 to 1937-38	1938-39 1/	Average 1933-34 to 1937-38	1938-39 1/	Average 1933-34 to 1937-38	1938-39 1/
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
Germany	49.1	44.7	28.3	36.2	77.4	80.9
United Kingdom	78.1	119.5	24.0	10.8	102.1	130.3
France	46.0	57.4	7.2	6.5	53.2	63.9
Italy	24.0	7.2	12.3	16.1	36.3	23.3
Belgium	20.0	22.7	8.2	18.3	28.2	41.0
Japan	8.6	1.5	7.9	1.4	16.5	2.9
United States 2/	44.5	65.6	12.4	16.6	56.9	82.2
Other	17.4	38.7	8.3	22.1	25.7	60.8
Total	287.7	357.3	108.6	128.0	396.3	485.3

Compiled from commercial reports supplied by the Buenos Aires office of the Department.

1/ Preliminary. 2/ Includes small shipments to Canada.

Argentina: Exports of wool by classes, seasons 1936-37 to 1938-39

Class	Oct. 1 - Sept. 30		
	1936-37	1937-38	1938-39 1/
	Mil. lb.	Mil. lb.	Mil. lb.
Grease wool:			
Fine (merino)	22.1	29.9	24.9
Crossbred-			
Fine	93.7	89.3	85.0
Medium	21.2	23.6	29.7
Low	89.5	75.1	130.4
Criollo or native	10.0	5.6	10.7
Bellies	10.7	9.9	14.8
Total all wool in grease equivalent 2/	314.5	293.2	375.4

Argentine Bureau of Statistics.

1/ Preliminary.

2/ Includes exports of washed and scoured wool not reported by class.

Prices of wool and textile raw materials in the United States, specified periods, 1937-39

Item	Average 1937	Average 1938	High 1937	1938 Nov.	1939 Sept.	1939 Oct.	1939 Nov.
	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Boston market							
Territory, scoured basis							
64s, 70s, 80s(fine) staple ..	101.9	70.4	114.0	72.8	98.8	109.5	105.4
56s (3/8 blood) combing	87.1	58.9	100.5	61.4	84.9	94.1	87.9
46s (Low 1/4 blood)	72.1	52.4	84.0	55.0	76.1	87.5	81.7
Bright fleece, greasy							
64s,70s,80s(fine) delaine ..	40.9	29.0	47.0	30.0	39.5	43.0	40.6
56s(3/8 blood) combing	43.7	29.5	53.0	32.8	43.8	48.8	46.8
46s (Low 1/4 blood)	39.7	28.3	47.0	30.5	43.2	49.0	46.6
Price received by farmers, grease basis, 15th of month.	32.0	19.1	33.2	20.5	24.3	28.7	27.6
Textile fibers							
Wool, Terr. fine staple 1/ ..	101.9	70.4	114.0	72.8	98.8	109.5	105.4
Cotton 7/8 Middling 2/	11.22	8.58	14.15	8.65	8.88	8.83	9.22
Silk, Japanese 3/	186.0	170.6	205.1	180.1	299.3	327.1	339.4
Rayon yarn, 150 denier 4/ ..	62.2	52.2	63.0	51.0	51.5	53.0	53.0

Compiled from reports of the Agricultural Marketing Service, except as otherwise specified.

Yearly averages are averages of monthly prices except United States farm price, which is a weighted average.

1/ Scoured basis, Boston market.
2/ Average at 10 markets.
3/ White 13-15 denier, at New York, Bureau of Labor Statistics.
4/ Domestic yarn, first quality, Bureau of Labor Statistics.

United States: Wool imports, consumption and machinery activity, specified periods, 1937-39

Item	1937	1938	Jan.-Oct. 1938	Jan.-Oct. 1939	Oct. 1938	Sept. 1939	Oct. 1939
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Imports for consumption actual weight: 1/							
Apparel	150,160	30,811	22,300	70,429	4,777	12,041	9,380
Finer than 40s	126,601	18,443	12,977	49,936	2,652	8,423	7,778
Not finer than 40s	23,559	12,369	9,323	20,493	2,125	3,618	1,602
Carpet, including camels hair	172,091	71,908	46,297	124,433	10,436	17,260	10,266
Consumption, scoured basis: 2/							
Weekly average-							
Apparel	4,772	4,143	3,781	5,552	4,924	6,252	6,797
Carpet	2,023	1,225	1,086	1,966	1,732	2,212	2,255
Aggregate-							
Apparel	243,121	219,565	166,365	244,269	24,619	25,006	33,984
Carpet	105,197	64,945	47,770	86,518	8,660	8,847	11,274
Machinery activity: 2/	Weekly average in hours						
Hours operated per machine in place 3/							
Worsted combs	46.1	39.5	36.2	51.0	46.2	55.4	64.2
Worsted spindles	32.9	26.6	23.6	38.5	32.8	39.2	50.6
Woolen spindles	43.1	30.6	28.8	39.1	36.2	41.4	45.8
Woolen and worsted looms-							
Broad	39.0	28.0	25.9	39.3	30.7	36.2	41.7
Narrow	20.4	10.5	10.1	12.4	12.3	15.7	18.5
Carpet & rug looms-							
Broad	28.6	18.8	21.5	36.4	30.8	39.2	44.1
Narrow			15.0	22.8	19.0	23.1	26.3

Import figures from the Bureau of Foreign and Domestic Commerce. Consumption and machinery activity from the Bureau of the Census.

1/ Weight of greasy, scoured, and skin wool added together.
2/ Figures for September based on 4 weeks, October on 5 weeks, January through October, 44 weeks: 1938 totals based on 53 weeks. No adjustment made for holidays.
3/ "Weekly average hours operated per machine or spindle in place" will take the place of "Percentage of maximum single shift capacity" previously reported. The percentage of single shift capacity (40 hours) may be obtained by dividing the above figures by 40.

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